EMI Group Limited

Directors' report and financial statements
Registered number 229231
for the year ended 31 March 2013

DIRECTORS' REPORT

The Directors present the Directors' Report and financial statements for the year ended 31 March 2013.

Principal Activities and Review of the Business

The principal activity of the Company is that of a holding company. There has not been any change to the principal activity of the Company during the period ended 31 March 2013 or subsequently. The Directors do not anticipate any change to the principal activity of the Company during the next year.

On 11 November 2011, Citigroup signed definitive agreements to sell the EMI's Recorded Music business to Universal Music Group and Music Publishing business to an investor group that comprised of Sony Corporation of America, the Estate of Michael Jackson, Mubadala Development Company PJSC, Jynwel Capital Limited, the Blackstone Group's GSO Capital Partners LP and David Geffen (the 'Investor Group'). The agreements did not take effect until clearance was received from various Competition authorities and other conditions were met.

The Music Publishing business sale completed on 29 June 2012. The Recorded Music sale completed on 28 September 2012, although regulatory approval for the Recorded Music sale was obtained with the requirement for certain divestments which was mainly the disposal of certain artists and several companies known as the Parlophone Label Group The sale of Parlophone Label Group completed on 1 July 2013 The Company was not subject to these divestment requirements

The Company's key financial and other performance indicators during the period were as follows.

	2013	2012	Change
	£m	£m	%
Profit/(Loss) before tax	43.9	(425.3)	110 32
Profit/(Loss) after tax	43.8	(425 4)	110.30
Shareholder's funds	1,934	1,940.9	(0 36)

As stated in the profit and loss account on page 7 the Company made a profit before tax of £43.9 million in the year to 31 March 2013 compared with the previous year's loss before tax of £425.3 million. This represents an increase of 110 32 per cent and is mainly due to no impairment of investments in the current period (compared with impairments of £526 million in the prior year), increase in net interest receivables as a result of revised intercompany rates and the waiver of a large intercompany loan at the end of the previous financial year, offset by one-off pension payments as a result of transferring ownership of the EMI Group Pension Fund to Citigroup at the end of August 2012.

In the balance sheet shown on page 8, the net assets of the Company are in line with the prior year, as the profit generated in the year has largely been offset by the dividend payments in 2013.

DIRECTORS' REPORT (continued)

Principal Risks and Uncertainties

The Company operates as part of the Universal Music Group group (the "Group") and all of its transactions are with fellow group undertakings As such its activities are dependent on the activities of the Group as a whole.

The risks and uncertainties facing the Company are linked to those of the Group. A detailed discussion of the Group risks and uncertainties is contained in the annual report of the ultimate parent undertaking, Vivendi SA

Going Concern

The strong balance sheet of the Company has meant that the Company has been able to meet its ongoing working capital needs. They expect this position to continue and as a result have drawn up the financial statements on a going concern basis.

Dividends

Dividends of £50.7m have been paid (2012 £nil).

Directors' Qualifying Third Party Indemnity Provisions

A qualifying third party indemnity provision is in force as at the date of approving the Directors' Report, subject to the provisions of s236 CA 2006 Vivendi SA, the ultimate parent undertaking, maintains a Directors & Officers Liability Programme which indemnifies directors' personal liabilities resulting from alleged wrongful acts committed in line with their employment.

Donations

Grants and charitable donations made during the period amounted to £nil (2012· £nil). There were no political contributions made during the period (2012 £nil).

DIRECTORS' REPORT (continued)

Directors

The Directors throughout the period and subsequently were as follows

R M Constant (appointed 1 November 2012)
A Brown (appointed 28 September 2012)
B J Muir (appointed 28 September 2012)
R C Prior (resigned 28 September 2012)
S P Naughton (resigned 28 September 2012)
R C Faxon (resigned 28 September 2012)
K L A Mullins (resigned 9 May 2012)

Company Secretary

A Abioye (appointed 26 November 2012)
TMF Corporate Administration Services Limited (resigned 26 November 2012)

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

By Order of the Board.

....
A Abioye
Company Secretary
15th November 2013

Registered Office
364-366 Kensington High Street
London
W14 8NS

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMI GROUP LIMITED

We have audited the financial statements of EMI Group Limited for the year ended 31 March 2013 set out on pages 7 - 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMI GROUP LIMITED (cont.)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Hugh Green (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

15 November 2013

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 £m	2012 £m
Administrative expenses		(50.1)	(50.6)
Other operating income	2	36.2	47 3
Other operating expenses	3	(113 0)	(13.5)
Amounts written off investments	9	-	(526 0)
OPERATING LOSS		**(126.9)**	**(542.8)**
Interest receivable	4	203.1	206 1
Interest payable	5	(32.3)	(88.6)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		**43.9**	**(425.3)**
Taxation	6	(0 1)	(0.1)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		**43.8**	**(425.4)**

All operating loss is from continuing operations.

The notes on pages 9 to 23 form part of the financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2013

There are no recognised gains or losses attributable to the shareholders of the Company other than the profit of £43.8 million (2012: loss of £425 4 million)

BALANCE SHEET AS AT 31 MARCH 2013

	Notes	2013 £m	2012 £m
Fixed assets			
Tangıble assets	8	25 5	14.6
Investments	9	388.7	375.7
		414.2	390.3
Current assets			
Debtors: amounts fallıng due wıthın one year	10	3,983 0	3,641.7
Cash at bank and ın hand and cash deposıts		0 2	0 2
		3,983 2	3,641 9
Creditors: amounts fallıng due within one year			
Other credıtors	11	(2,450 4)	(2,075.7)
Net current assets		1,532 8	1,566 2
Total assets less current liabilities		1,947.0	1,956.5
Creditors: amounts falling due after more than one year			
Provısıons for lıabılıtıes and charges	13	(13.0)	(15 6)
Net assets		**1,934.0**	**1,940.9**
Capital and reserves			
Called up share capıtal	15	128.9	128 9
Share premıum account	15,16	355 8	630 8
Capıtal redemptıon reserve	16	495.8	495 8
Other reserves	16	408.7	408.7
Profit and loss reserve	16	544.8	276.7
Shareholder's funds		**1,934.0**	**1,940.9**

These financıal statements were approved for ıssue by the Board of Dırectors on 15th November 2013 and were sıgned on ıts behalf by:

A Brown
Director

The notes on pages 9 to 23 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements are prepared under the historical cost convention

The financial statements are prepared in accordance with applicable accounting standards

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Going Concern

The strong balance sheet of the Company has meant that the Company has been able to meet its ongoing working capital needs They expect this position to continue and as a result have drawn up the financial statements on a going concern basis

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Cash Flow Statement

Under Financial Reporting Standard 1 the Company is exempt from the requirement to its own published consolidated financial statements

Related Parties

As the Company is a wholly owned subsidiary of EMI Group (Newco) Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties) The consolidated financial statements of Vivendi SA, within which this Company is included, can be obtained from the address given in note 20.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Investments

Investments in subsidiary and associated undertakings are stated at cost less provision to reflect any impairment

Impairment of fixed assets

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an assets or its income-generating unit exceeds its recoverable amount Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use In assessing value in use, the expected future cash flows are discounted back to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount For other fixed assets where the recoverable amount increases as a result of change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Retirement benefits

Retirement benefits are accounted for under FRS 17 Retirement Benefits The Company operates both defined benefit and defined contribution schemes for its employees The Company is unable to identify its share of the underlying assets and liabilities of its defined benefit schemes and so, in accordance with FRS 17, the Company accounts for them as defined contribution schemes

Tangible assets

Assets are held at depreciated historical cost.

Depreciation of tangible fixed assets is calculated on cost at rates estimated to write off the cost, less the estimated residual value of the relevant assets, by equal annual amounts over their expected useful lives; effect is given, where necessary, to commercial and technical obsolescence.

The annual rates used are:

Freehold buildings, long-term leasehold property	2%
Short-term leasehold property	Lower of period of lease and useful economic life
Plant, equipment and vehicles	10 – 33 1/3%

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES CONTINUED

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement If the effect of the time value of money on the quantification of the provision is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

2. OTHER OPERATING INCOME

	2013 £m	2012 £m
Net exchange gain on foreign currency balances	-	12 2
Management fees	36 2	35 1
	36 2	47 3

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. OTHER OPERATING EXPENSES

	2013 £m	2012 £m
Restructurıng costs	107.3	13 5
Net exchange loss on foreıgn currency balances	4 7	-
Lease guarantee provısıon (see note 19)	1 0	
	113.0	13 5

Durıng the year ended 31 March 2013, restructurıng costs include contrıbutıons to the pensıon scheme as a result of the closure of the defined benefit scheme to future accrual ın June 2012. At the end of August 2012, ownershıp of the UK defined benefit pensıon scheme was transferred out of the Group to Cıtıgroup (the sale of the Recorded Musıc busıness was condıtıonal on Citıgroup takıng over the responsıbılıty for EMI's UK defined benefit pensıon scheme). As part of thıs transfer, EMI Group Lımited made payments totallıng £89 2 mıllıon ın relatıon to the UK pension fund ıncluding an amount of £46.4 mıllıon paıd to Citıgroup. Other 2013 restructurıng costs ıncluded redundancy and retention bonus costs following further staff reductıons.

Durıng the year ended 31 March 2012, the restructuring ınıtiatıves ıncluded redundancy costs following further staff reductıons, retention bonuses and contınuing ratıonalısatıon of the property portfolıo

4. INTEREST RECEIVABLE

	2013 £m	2012 £m
Loans to fellow subsıdıary undertakıngs	196.9	206.1
Loans to parent undertakıng	6 2	-
	203 1	206.1

5. INTEREST PAYABLE

	2013 £m	2012 £m
Loans from fellow subsıdıary undertakıngs	32 3	10 2
Loans from parent undertakıng	-	78 4
	32 3	88.6

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAX

Tax on loss on ordinary activıtıes	2013 £m	2012 £m
UK corporation tax		
UK corporatıon ıncome tax for the year	(0.1)	(0 1)
Adjustments in respect of previous year	-	-
Foreıgn tax	-	-
Total current tax charge	(0.1)	(0 1)
Deferred tax	-	-
Tax on loss on ordınary activıties	-	-

Factors affecting current tax charge:
The current tax charge for the penod ıs lower (2012: lower) than the standard rate of corporatıon tax ın the UK The dıfferences are explaıned below:

	2013 £m	2012 £m
Profit/(loss) on ordınary activıtıes before tax	43 9	(425 3)
Profit/(loss) on ordınary actıvıties multıplıed by standard rate of corporatıon tax in the UK of 24% (2012 – 26%)	10.5	(110 6)
Effect of		
Permanent dıfferences ıncludıng pnor year adjustment	8 2	115 6
Group relıef (claımed)/surrendered for nıl payment – current year	(18.8)	(3 4)
Current year tax losses carried forward / (utılısed)	-	(1.7)
Total current tax charge	(0 1)	(0.1)

Factors affecting future tax charge

As part of the Unıversal Musıc Group, the company may receıve or surrender losses by way of group relıef Equivalent receıpts or surrenders have been made in the past wıthout charge

A reductıon ın the UK corporatıon tax rate from 26% to 25% (effectıve from 1 April 2012) was substantıally enacted on 5 July 2011, and further reductıons to 24% (effectıve from 1 Apnl 2012) and 23% (effectıve from 1 Apnl 2013) were substantıvely enacted on 26 March 2012 and 3 July 2012 respectıvely. Thıs will reduce the company's future current tax charge.

The March 2013 Budget announced that the rate wıll further reduce to 20% by 2015 ın addıtıon to the planned reductıon to 21% by 2014 prevıously announced ın the December 2012 Autumn Statement. It has not yet been possıble to quantify the full antıcıpated effect of the announced further 3% reduction, although thıs wıll further reduce the company's future current tax charge

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAX (continued)

Deferred tax

At the balance sheet date the Company had unused tax losses of £153 7 mıllıon (2012· £153 7 mıllıon) avaılable for offset agaınst future profits Capıtal allowances available for offset agaınst future profits for the year are £5.2 mıllion (2012: £1 1 mıllıon) No deferred tax asset has been recognısed on grounds that there is currently ınsuffıcıent evidence for thıs asset to be realısed (2012: £ nıl).

7. DIRECTORS' EMOLUMENTS AND STAFF COSTS

	2013 £m	2012 £m
Wages and salaries	12.5	14 5
Socıal securıty costs	1 3	1.4
Defined contrıbutıon pensıon cost	26.2	19 8
Termınatıon and other payments	15.2	4 2
	55.2	39.9

The aggregate cost of the Dırectors of the company ıs as follows

	2013 £m	2012 £m
Dırectors' Emoluments	3.2	3.5
Termınation and other payments	8 7	1 6
Amounts paıd through thırd partıes ın respect of Directors' servıces	-	-

The total amount payable to the hıghest paıd Dırector ın respect of emoluments was £8,756,529 (2012: £3,020,411).

The company had 113 employees durıng the year (2012. 123).

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. TANGIBLE FIXED ASSETS

	Freehold property £m	Leasehold property £m	Plant, equıpment and vehıcles £m	Total £m
Cost at 31 March 2012	5.2	22.8	5 3	33 3
Additıons	-	-	12.7	12.7
Dısposals and transfers	-	-	-	-
Cost at 31 March 2013	**5.2**	**22.8**	**18.0**	**46.0**
Depreciatıon at 31 March 2012	1.4	12.9	4.4	18 7
Charge for year	0 1	1.4	0 2	1 7
Dısposals and transfers	0 1	(0 1)	0 1	0 1
Depreciation at 31 March 2013	**1.6**	**14.2**	**4.7**	**20.5**
Net book values at 31 March 2013	**3.6**	**8.6**	**13.3**	**25.5**
Net book values 31 March 2012	**3.8**	**9.9**	**0.9**	**14.6**

The addıtıon ıs the acquısıtıon of EMI's central technology assets from Parlophone Records Lımıted (formerly EMI Records Limıted) on 31 March 2013

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. INVESTMENTS

	2013 £m	2012 £m
Investments comprıse:		
Subsıdıary undertakıngs (ı)	382.8	375 1
Assocıated undertakıngs (ıi)	0.6	0.6
Other fixed asset investments (ııı)	5.3	-
	388.7	375.7

(i) Investments in subsidiary undertakings

	Cost of shares £m	Loans £m	Provısıons £m	Net book value £m
At 31 March 2011	2,469 4	856.4	(1,543 6)	1,782 2
Addıtıons	-	0.2	-	0 2
Reclassıficatıon	-	(76 5)	(804.8)	(881.3)
Impaırments	-	-	(526.0)	(526 0)
At 31 March 2012	2,469 4	780 1	(2,874 4)	375 1
Addıtıons and dısposals	35 0	0 2	-	35 2
Reclassıficatıon	-	(27.5)	-	(27.5)
Impaırments	-	-	-	-
At 31 March 2013	**2,504.4**	**752.8**	**(2,874.4)**	**382.8**

The current year addıtıons relates to the acquısıtion of EMI Records Germany Holdco Lımıted (formerly EMI Musıc Germany Holdco Lımıted), and an annual management fee charged on the loan wıth EMI Group Fınance. The reclassıficatıon relates to loans prevıously shown ın debtors now reclassıfied as loans treated as ınvestments

Durıng the year, the Company's subsıdıarıes sold their Musıc Publıshıng busınesses, and the Company and an ındırect subsıdıary (Parlophone Records Lımıted (formerly EMI Records Lımıted)) made exceptıonal payments totallıng £401,043,000 ın relatıon to the EMI pensıon fund The Company holds ıts ınvestment ın thıs chaın of companıes at nıl, so no ımpaırment was booked as a result of the reductıon ın net assets

At 31 March 2013, the carryıng values of the ınvestments have been compared to theır recoverable amounts, represented by theır net realısable value The Dırectors do not consıder value in use to be materıally dıfferent to the net realısable value of the ınvestment, and therefore use the ınvestment's net realısable value as its recoverable amount. The net realısable value of these investments have been derıved from recent thırd party valuatıons of the Musıc Publıshıng and Recorded Musıc busınesses, adjusted for the Parlophone Label Group dısposal

In the opınıon of the Dırectors, the value of the Company's ınvestments at 31 March 2013 ıs at least equal to theır carryıng value and no ımpaırment has been made.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. INVESTMENTS (continued)

The following were the principal subsidiary undertakings of EMI Group Limited at 31 March 2013.

Subsidiary undertakings	Country of Incorporation	Proportion held	Nature of business
Virgin Music Group*	UK	100%	Holding Company
EMI Group Finance Limited*	UK	100%	Treasury
EMI Records Germany Holdco Limited* (formerly EMI Music Germany Holdco Limited)	UK	100%	Holding Company
EMI Group Finance (Jersey) Limited*	Jersey	100%	Holding Company
EMI Group Worldwide	UK	100%	Holding Company
EMI Group International Holdings Limited	UK	100%	Holding Company
EMI Group Holdings (UK)	UK	100%	Holding Company
EMI Group Holdings BV	Netherlands	100%	Holding Company
Virgin Records Limited	UK	100%	Recorded Music
EMI Music Australia Pty Limited	Australia	100%	Recorded Music
PLG Holdco Limited^	UK	100%	Holding Company
Parlophone Records Limited^ (formerly EMI Records Limited)	UK	100%	Recorded Music
Parlophone Music International Services Limited^ (formerly EMI Music International Services Ltd)	UK	100%	Recorded Music
EMI Music France S.A.S^	France	100%	Recorded Music
EMI Group Inc*	USA	100%	Holding Company
EMI RM US, Inc	USA	100%	Recorded Music
EMI Christian Music Group, Inc	USA	100%	Recorded Music
Capitol Records, LLC	USA	100%	Recorded Music

* Held directly by the Company

^ Disposed on 1 July 2013. Mandatory regulatory requirement in approving the sale of the EMI Recorded Music business to Universal Music Group

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. INVESTMENTS (continued)

(ii) Investments in associated undertakings

	Cost of shares £m	Provisions £m	Net book value £m
At 31 March 2012 and 31 March 2013	**0.7**	**(0.1)**	**0.6**

(iii) Other fixed asset investments

	Cost of shares £m	Provisions £m	Net book value £m
At 31 March 2012	3 0	(3 0)	-
Additions	5.3	-	5.3
At 31 March 2013	**8.3**	**(3.0)**	**5.3**

The addition is the transfer of share warrants in Blogmusik SAS from Parlophone Records Limited (formerly EMI Records Limited) on 28 January 2013.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. DEBTORS

	2013 £m	2012 £m
Due within one year:		
Amounts owed by parent undertakings	210.0	-
Amounts owed by subsidiary undertakings	3,608 8	3,489.6
Investment in preference shares	160 6	152.1
Other debtors	3.6	-
Total	**3,983.0**	**3,641.7**

The investment in preference shares relates to preference shares denominated in US dollars issued by EMI Group Finance (Jersey) Limited. The shares have no voting rights and do not represent equity and have been disclosed as current receivables from EMI Group Finance (Jersey) Limited. Dividends are payable at a rate of 5 25% per annum but the Company has waived its rights to dividends in the year.

11. OTHER CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £m	2012 £m
Amounts owed to subsidiary undertakings	2,435 2	2,057 2
Accruals and deferred income	15 2	18 5
Total	**2,450.4**	**2,075.7**

12. TERMS OF INTERCOMPANY BALANCES

Loans to and from fellow Group undertakings and the parent undertaking are classified as current as they are repayable on demand. Interest rates on intercompany loans have been agreed between parties on a loan by loan basis.

13. OTHER PROVISIONS FOR LIABILITIES AND CHARGES

	Restructuring £m	Trading £m	Total £m
At 31 March 2012	15 4	0 2	15 6
Transfer from creditors	-	0.3	0 3
Provisions utilised	(5.7)	-	(5.7)
Provisions released	(0.6)	(0.2)	(0.8)
Charge for the year	3.6	-	3.6
At 31 March 2013	**12.7**	**0.3**	**13.0**

The charge for the year includes £2.6 million in redundancy payments and a £1 million provision for exposures on lease guarantees (see note 19).

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. AUDITORS' REMUNERATION

	2013	2012
	£'000	£'000
Audit of these financıal statements	81	81

15. SHARE CAPITAL

Authonsed share capıtal

	2013 Number	2012 Number	2013 £m	2012 £m
Ordınary shares of £0 14 each	1,134,206,498	1,134,206,498	158 8	158 8
B shares of £1 145 each	419,054,387	419,054,387	479 8	479 8

Ordınary shares, allotted, called up and fully paıd

		Share capital		Share premium	
2013 Number	2012 Number	2013 £m	2012 £m	2013 £m	2012 £m
920,361,759	920,361,759	128 9	128 9	355 8	630 8

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. RESERVES

	Share Premium £m	Capital redemption reserve (i) £m	Other reserves (ii) £m	Profit and loss reserve £m
At 1 April 2011	630.8	495.8	408 7	(841.2)
Loss for the year	-	-	-	(425 4)
Waiver of Intercompany loan	-	-	-	1,543 3
At 1 April 2012	**630.8**	**495.8**	**408.7**	**276.7**
Profit for the year	-	-	-	43 8
Capital reduction	(275 0)	-	-	275 0
Dividends paid	-	-	-	(50 7)
At 31 March 2013	**355.8**	**495.8**	**408.7**	**544.8**

In August 2012, a capital reduction of £275.0 million took place, resulting in a transfer from share premium to profit and loss reserve Also in August 2012, dividends of £50 7 million were paid by the Company to its parent.

During the previous year EMI Group (Newco) Limited (the immediate parent) waived a loan payable by EMI Group Limited. This resulted in a gain of £1,543.3 million directly to reserves in EMI Group Limited.

(i) Capital redemption reserve
The capital redemption reserve represents a historical reduction in distributable reserves for the amount paid to redeem preference B shares as part of a share capital reorganisation.

(ii) Other reserves
Other reserves of the Company contain a special reserve which reflects the share premium account reduction of July 1988 and unrealised profits on disposal of investments

17. PENSIONS

As noted in the accounting policies section, the Company is a member of the EMI Group Pension Fund (UK Fund), a defined benefit pension scheme for EMI Group Limited and its subsidiaries in the UK. As the Company is unable to identify its share of the underlying assets and liabilities of the UK fund, in accordance with FRS 17 it has accounted for it as a defined contribution scheme

The UK Fund was closed to future accrual in June 2012. At the end of August 2012, ownership of the UK Fund was transferred out of the Group to Citigroup (the sale of the Recorded Music business was conditional on Citigroup taking over the responsibility for EMI's UK defined benefit pension scheme) As part of this transfer, EMI Group Limited made payments totalling £89 2 million in relation to the UK pension fund including an amount of £46 4 million paid to Citigroup These exceptional payments are disclosed as restructuring costs within Note 3

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. SUBSEQUENT EVENTS

Several indirect subsidiaries of the Company, known collectively as the Parlophone Label Group, were disposed of on 1 July 2013. This was a mandatory regulatory requirement in approving the sale of the EMI Recorded Music business to Universal Music Group

Other than the above there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the Company in future financial years.

19. CONTINGENT LIABILITIES

As part of the sale of the companies and assets comprising HMV group to HMV Group plc ('HMV Group') in 1998, the Company entered into an indemnity deed with HMV Group relating, among other things, to guarantees given by the Company in respect of property leases During June 2011 the HMV Group sold Waterstones's Booksellers Ltd ('Waterstones Group') over which the Company has guarantees However, the guarantees on the Waterstones leases remain in place post the sale.

Under the deed, the Company agreed to indemnify HMV Group and/or Waterstones Group against any payments made under those property leases and certain other guarantees and indemnities. HMV Group and/or Waterstones Group have to be in a position where they are not able to pay the lease costs before the Company would be liable for the lease costs For the Company to be liable for sub-lease costs, both the sub-lessee and HMV Group and/or Waterstones Group would have to be unable to pay the sub-lease costs

The Company has carefully monitored this exposure throughout HMV's administration on 15 January 2013, debt sale to Hilco Capital Limited on 22 January 2013 and subsequent equity sale to Hilco Capital Ltd on 5 April 2013, and continues to monitor its exposure across the HMV and Waterstones lease portfolio. At 31 March 2013, the Company has a remaining exposure over 31 property leases (2012: 40).

At 31 March 2013 it was considered prudent to book a provision of £1 million (2012: nil) for two properties where the Company is exposed as a result of the indemnity deed discussed above. The Directors do not consider that there is a measurable, probable liability on the other property leases at 31 March 2013 There is no significant change to this position subsequent to year end.

20. PARENT UNDERTAKING

The immediate parent of the Company is EMI Group (Newco) Limited The ultimate parent undertaking and controlling party is Vivendi SA , a company registered in France. The parent undertaking of the largest and smallest group in which the Company's financial information has been consolidated as at 31 December 2012 was Vivendi SA. Copies of the consolidated financial statements of Vivendi SA can be obtained from the Company's registered address, 42 Avenue de Friedland, 75380 Paris